



APPROPRIATIONS IN THE 1994-95 STATE BUDGET FOR POSTSECONDARY EDUCATION



CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

SUMMARY

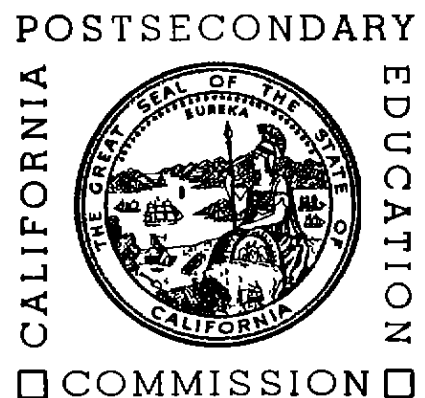
In this report, the Commission staff summarizes California's 1994-95 State Budget, particularly as it relates to higher education. Pages 1-3 of the report contain an overview of the entire budget and its major features, while pages 3-12 discuss provisions in the budget for each of California's systems, institutions, and agencies of postsecondary education -- the California Community Colleges, the California State University, the University of California, the California Maritime Academy, Hastings College of the Law, the California Student Aid Commission, the Council for Private Postsecondary and Vocational Education, and the California Postsecondary Education Commission -- along with a synopsis of supplemental budget language affecting them.

The Governmental Relations Committee of the Commission discussed this report at its meeting on August 29, 1994. Additional copies of the report may be obtained from the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938.

APPROPRIATIONS IN THE 1994-95 STATE BUDGET FOR HIGHER EDUCATION

*A Staff Report to the California
Postsecondary Education Commission*

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1303 J Street • Fifth Floor • Sacramento, California 95814-2938





COMMISSION REPORT 94-12
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Appropriations in the 1994-95 State Budget for Higher Education

Overview of the 1994 Budget Act

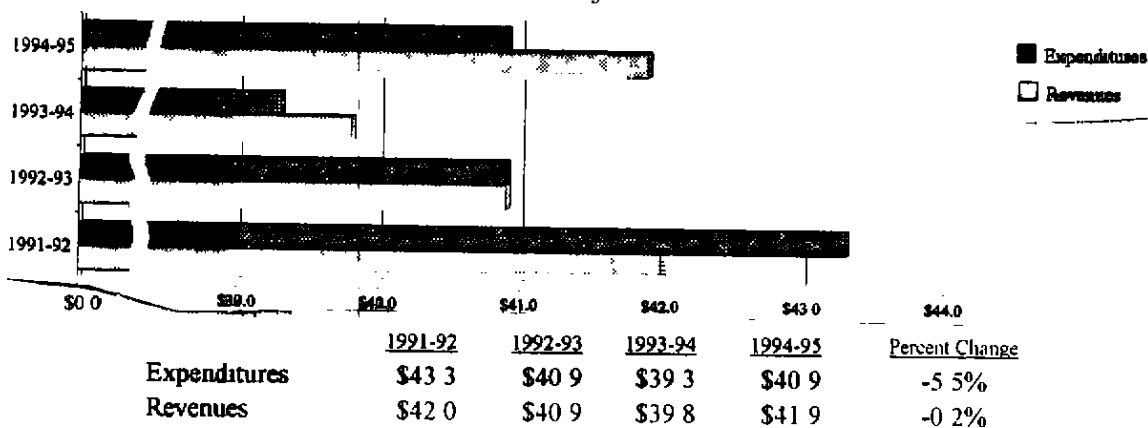
Governor Pete Wilson signed Senate Bill 2120 -- the 1994 Budget Act -- this past July 8, eight days beyond the statutory requirement for adopting the State's Budget. The Budget Act and its 19 companion trailer bills authorize a spending plan for the State totaling \$57.5 billion -- a 5.9 percent increase over the 1993-94 spending level. Of that amount, \$13.7 billion is expected to come from special funds, \$2.9 billion from selected bond funds, and \$40.9 billion from the General Fund -- a General Fund increase of \$1.6 billion, or 4.2 percent.

Although State revenues are projected to increase, the outlook for the State's economy is mixed. Employment in the construction, trade, auto manufacturing, and tourism industries is growing, but concern continues about the impact of further military base closures and federal budget reductions on the State's aerospace and other related industries.

The Budget, which reflects the Governor's and Legislature's agreement on added revenue transfers and accelerated tax collections, estimates that General Fund revenues will grow by \$2.1 billion over last year to a total of \$41.9 billion. However, it calls for the General Fund to end the year with a \$1 billion deficit and for this deficit to be "rolled over" to 1995-96, when the General Fund is expected to post a reserve of \$23.0 million.

Display 1 below compares General Fund revenues and expenditures from 1991-92 through 1994-95. It shows that these revenues have not yet regained their 1991-92 levels but have kept pace with expenditures, except in 1991-92.

DISPLAY 1 *General Fund Revenues and Expenditures, Actual 1991-92 Through 1993-94, and Projected 1994-95, in Billions of Dollars*



Source: California Postsecondary Education Commission staff analysis

The Budget Act contains no new general tax increases, and it does not extend earlier increases in personal income taxes for upper-income brackets that are due to expire this year. However, the budget package includes Assembly Bill 2389 (Chapter 144, Statutes of 1994), which suspends the renters' tax credit for one additional year, and AB 2480 (Chapter 153, Statutes of 1994), which increases fees in California's two public university systems.

Closing the \$4.6 billion budget gap

In June, the Legislative Analyst had estimated that the Governor's revised budget plan contained a \$4.6 billion budget gap, but final action on the budget closed that gap by carrying over \$2.2 billion from 1993-94 and \$2.4 billion in 1994-95. The strategy for closing the gap was the following:

- ♦ Shifting costs to local and federal governments by (1) revising last year's property tax shift from counties to schools, (2) increasing the State's share of federal reimbursements by shifting larger costs to local governments, and (3) assuming an increase in federal funding for immigration costs (a General Fund saving of \$1.5 billion),
- ♦ Deferring costs and accelerating revenues by (1) rolling \$1 billion over to fiscal year 1995-96, (2) shifting short-term borrowing costs to 1995-96, and (3) accelerating tax settlements (a General Fund saving of \$1.4 billion),
- ♦ Reducing Medi-Cal and welfare programs by cutting the benefit levels of eligible clients (a General Fund saving of \$1.1 billion), and
- ♦ Increasing tax collections by \$600 million as a result of the Barclay lawsuit and other efforts to expand tax compliance activities.

Nonetheless, the State faces the prospect of program reductions if revenue projections fail to meet expectations or additional federal funding for immigration costs do not materialize. As part of the budget package, the Governor and the Legislature adopted SB 1230, which contains standby "trigger" provisions for the 1994-95 and 1995-96 budgets that require, if State revenues fail to meet specified levels by November 15 and unless legislative action is taken, automatic across-the-board spending cuts be made in all General Fund programs not protected by the State Constitution or federal law. Those protected programs are primarily debt service and K-12 and community college funding under the provisions of Proposition 98.

Areas of major impact

Among significant features of the Budget are these:

Local government

The largest reduction in local funds (\$300 million statewide) will come from the State's elimination of one of two methods used by counties for calculating property tax revenues. Those counties that used the "alternative" method of calculation will be required to return to the State the monies they received from that formula.

Funding for K-12 schools

The Budget funds K-12 education at \$4,217 per average-daily-attendance (ADA) -- the same as last year -- and funds enrollment growth in general purpose school apportionments, special education programs for the disabled, and compensatory education for low-income and limited-English proficient students. On the other hand, the Budget provides no additional funds for cost-of-living increases. In addition, the Governor vetoed and set aside \$28.2 million for the California Learning Assessment System (CLAS), pending enactment of legislation to reform the assessment system. In addition, the Governor has requested that the State Auditor conduct a financial and performance audit on the development and implementation of CLAS examinations.

Corrections

The 1994-95 Budget provides a total of \$4.8 billion -- including \$4.6 billion in General Fund and \$256 million in State special funds -- for the support of the State's judiciary and criminal justice system. That amount represents an increase of \$351 million, or 8.3 percent, over last year. The budget for Youth and Adult Corrections almost equals that provided to the State's senior higher education institutions -- \$3.7 billion in General Fund support.

Health and welfare

The 1994-95 Budget for health and welfare programs includes \$14.0 billion from the General Fund -- a \$445 million or 3.3 percent increase over the previous year. It increases funding to accommodate workload increases in health and welfare, but it reduces service levels under the Medi-Cal Program, Aid for Families with Dependent Children (AFDC) program and Supplemental Security Income/State Supplementary Program (SSI/SSP) by an estimated \$993 million.

Funding for postsecondary education

After three years of significant budget reductions, the State's budget for postsecondary education provides modest increases in General Fund support for its colleges and universities. Display 2 on page 4 shows budgeted funding levels for each of the systems and agencies of postsecondary education in California, and the text on pp 5-12 discuss those levels for each system and agency.

The budgetary increase of approximately 3 percent for the three public systems of postsecondary education will, by and large, support existing levels of full-time-equivalent enrollment at the University of California and the State's 106 local community colleges, but the Legislature expressed its intent that the California State University expand its enrollment by at least 2,500 full-time-equivalent students -- bringing its total enrollment to 250,000 students.

If no mid-year reductions are required in General Fund programs, California's colleges and universities will have the opportunity to stabilize their student enrollments. However, if the State's fiscal condition worsens and the budget plan is revised, the State's college and university students are likely to see higher fees imposed or course offerings reduced in mid-year to meet those circumstances.

DISPLAY 2 Estimated 1993-94 Expenditures and 1994-95 Appropriations for California's Higher Education Systems and Agencies by Type of Fund, in Thousands of Dollars

<i>Educational System or Agency</i>	<i>1993-94</i>	<i>1994-95</i>	<i>Dollar Change</i>	<i>% Change</i>
<i>California Community Colleges¹</i>				
State General Fund	\$1,106,281	\$1,116,016	+\$9,735	+0.88%
Local Property Tax Revenue	1,358,203	1,416,000	+57,797	+4.26%
Net Student Fee Revenue	216,678	196,803	-19,875	-9.17%
Total	2,681,162	2,728,819	+47,657	+1.78%
<i>The California State University</i>				
State General Fund	1,488,465	1,553,150	+64,685	+4.35%
Student Fee Revenue	416,606	418,101	+1,495	+0.36%
Total General Fund and Student Fee Revenue	1,905,071	1,971,251	+66,180	+3.47%
<i>University of California²</i>				
State General Fund	1,793,108	1,831,704	+38,596	+2.15%
Student Fee Revenue	526,151	519,341	-6,810	-1.29%
Total General Fund and Student Fee Revenue	2,319,259	2,351,045	+31,786	+1.37%
<i>California Maritime Academy</i>				
State General Fund	6,408	6,791	+383	+5.98%
Student Fee Revenue	1,114	1,273	+159	+14.27%
Total General Fund and Student Fee Revenue	7,522	8,064	+542	+7.21%
<i>Hastings College of the Law³</i>				
State General Fund	11,493	11,804	+311	+2.71%
Student Fee Revenue	5,361	6,281	+920	+17.16%
Total General Fund and Student Fee Revenue	16,854	18,085	+1,231	+7.30%
<i>California Student Aid Commission</i>				
State General Fund	200,267	226,215	+25,948	+12.96%
Federal Funds	13,347	13,318	-29	-0.22%
Guaranteed Loan Reserve Fund	60	73	+13	21.67%
Total	213,674	239,606	+25,932	+12.14%
<i>Council for Private Postsecondary and Vocational Education</i>				
State General Fund	0	0	0	0%
<i>California Postsecondary Education Commission</i>				
State General Fund	2,403	2,412	+9	+0.37%

¹ Included here is the \$178 million State General Funds loan to the community colleges in 1993-94, for which repayment has been suspended

² The University of California has collected its 1994-95 academic year "Educational Fee" at a rate 18 percent higher than in 1993-94, per the fee schedule adopted by the Regents. The University plans to lower this increase to 10 percent and rebate the difference to students (as cash to graduating students and as lower fees to continuing students) if its 1994-95 budget is not lowered, per the provisions of SB 1230

³ Hastings College of the Law has adopted the same fee plan and schedules as the University of California. In addition, all Hastings students pay the \$376 "Special" fee for selected professional students. All incoming, first-year students also pay a \$2,000 differential fee, per provisions of the 1994-95 State budget

Sources: The 1995 Budget Act, systemwide offices, and California Postsecondary Education Commission staff analysis

The following is a summary of the actions taken in the 1994-95 Budget Act for California postsecondary education. The summary includes the Legislature's Supplemental Report on the 1994-95 Budget. While the Governor vetoed the supplemental report provisions in the Budget Act, it is expected that the Legislature will reinstate its intent language in a resolution to be passed during the last month of session (ACR 151, Vasconcellos)

California Community Colleges

The 1994 Budget Act provides a \$47.6 million increase, or 1.8 percent, in State and local support for the community colleges. Total funding will increase by \$128.0 million, or 3.7 percent.

The Budget Act proposes no fee increase for community college students, whose mandatory enrollment fee will remain \$13 per unit.

The Legislature approved the Governor's request to defund apportionment declines due to the drop in the number of students who hold baccalaureate degrees, resulting in a \$15.2 million reduction. However, the Legislature approved AB 973 (Bornstein) to backfill for property tax revenues lost to the community colleges -- a \$57.0 million augmentation.

In passing the budget bill, the Legislature included a number of Supplemental Report Language provisions expressing legislative intent that the community colleges undertake specific actions, including the following:

State-funded enrollment. The Legislature adopted language setting a State-funded enrollment level of 863,548 full-time-equivalent students for the community colleges in 1995-96. The Chancellor's Office of the community colleges is required to report to the Legislature on May 1, and July 1, 1995, on the actual level of full-time-equivalent enrollment (with a final 1994 enrollment report due on March 1, 1996) and the reasons for, and the impact of, any adjustments to the enrollment level.

Oversight of categorical programs. The supplemental language directs the Chancellor's Office to conduct annual program reviews and site evaluations of categorical programs and reforms mandated under the provisions of AB 1725 (Chapter 973, Statutes of 1988) in order to ensure educational and fiscal integrity and then report to the Postsecondary Education Commission by January 1, 1995, on the results of the reviews and evaluations. The programs cited for annual program reviews are Basic Skills, GAIN, Student Financial Administration (Board of Governors Grant Waiver Program), Extended Opportunity Programs and Services (EOPS), Disabled Students, Matriculation, Underrepresented Students, Staff Development, Faculty and Staff Diversity Fund, Fund for Instructional Improvement, Accountability System, the full-time/part-time faculty ratio, and the diversity of faculty initiatives. The Postsecondary Education Commission is required to comment on the report to the Joint Legislative Budget Committee and the appropriate fiscal and policy committees of the Legislature by February 1995 and certify to the State Controller that the

Chancellor's Office has adequately complied with Provision 1 of Item 6970-002-001 of the Budget Act -- a provision that was vetoed by the Governor in the enacted Budget Act

Comprehensive student information system In approving a \$1.1 million augmentation to the Commission's budget for the implementation of the Commission's student information system, the Legislature directed the Chancellor's Office to cooperate fully with the Commission in improving the timeliness and quality of the information available on community college students. The Legislature stated its intent that "satisfactory progress in improving the timeliness and quality of information on community college students is critical to the Chancellor's Office Accountability System."

Availability of information on financial aid The Supplemental Report requests that the Chancellor's Office report by March 1, 1995, to the Joint Legislative Budget Committee on the steps that have been taken to improve the availability of information about financial aid to high school and other prospective students. It directs the Commission to review the report and comment on it to the legislative fiscal committees during their consideration of the 1995-96 budget.

Provision of information to CPEC The Chancellor's Office is to provide information needed by the Commission in order to complete institutional performance reports required by AB 1808 (Chapter 741/Statutes of 1991) comparing workforce needs with degrees and certificates conferred and vocational training completed in terms of students' ethnicity, gender, and income, and the Chancellor's Office is to ensure, through the mechanisms that exist in current law and regulation, that local community college districts submit such information to the Chancellor's Office.

Acquisition of library books on community college campuses The Chancellor's Office is to report to the Legislature by November 1, 1994, on the potential costs to the State for buying library books when costs are being considered during the construction or expansion of community college libraries or learning resource centers.

East Los Angeles Child Care/Development Center The Legislature adopted project scope language to an augmentation request seeking an alternative site to the current East Los Angeles Child Care/Development Center facility until a new child care center is completed.

The California State University

The 1994-95 Budget Act provides a \$64.6 million increase (4.4 percent) in General Fund support for the California State University. Total funding for the State University will increase by \$123 million.

Under the Budget Act, student fees will increase \$144 (10 percent) over the 1993-94 levels. Unlike the University of California, the State University does not have the authority to raise student fee levels without approval of the Legislature and the Governor.

The Budget Act includes an augmentation of \$9.3 million to establish the new Monterey Bay campus of the State University on part of the Fort Ord military reservation.

In the Supplemental Report to the Budget Act, the legislature expressed its intent that the State University take the following actions:

Annualization costs. The State University should fund any increase in compensation costs from its existing resources, with no reduction in enrollments or increases in student fee levels beyond the 10 percent already approved.

Executive compensation. No salary increases are to be provided to executives who received an increase in 1993-94, and no compensation increases for executives may exceed the average compensation increase provided for faculty and staff. As of April 1, 1994, executive personnel are not to be eligible for merit salary adjustments, and these adjustments are not to be utilized in determining average compensation.

Provision of information to CPEC. Like the Community Colleges and the University of California, the State University is to provide information needed by the Commission in order to complete reports comparing workforce needs with degrees and certificates conferred in terms of students' ethnicity, gender, and income.

Monterey Bay campus enrollment growth. In order to reduce new enrollment costs and to meet statewide enrollment needs, the State University should accelerate enrollment growth of the Monterey Bay campus to 4,000 full-time-equivalent students in 1999-2000 and 20,000 in 2010-2011, assuming that the federal government provides renovation funds and that the State funds systemwide enrollment growth above the 1994-95 level.

Four-year degree pledge programs. By 1995-96, all State University campuses should establish four-year degree pledge programs, whereby students can expect to graduate in four years if they fulfill their curricular obligations. If this is not possible, these students are to be exempted from fifth-year fees. The State University is to report on the development of this program initiative during the 1995-96 budget cycle.

Educational equity. If the State University's General Fund appropriations are reduced, its educational equity programs are not to be reduced more than the percentage of that General Fund reduction. In addition, the State University is to undertake an overall evaluation of these programs to determine their programmatic effectiveness, cost-effectiveness, and possible consolidation -- and to report its findings to the Legislature, Legislative Analyst, Department of Finance, and CPEC during the 1995-96 budget process.

University of California

The Budget Act provides \$1.83 billion for support of the University of California --

a \$38.5 million increase (2.1 percent) over last year

Under the Budget Act, student fees at the University are to be increased by \$345, or 10 percent. However, the Regents are maintaining their plan to increase student fees by \$650, or 24 percent, they propose to impound student fee revenues paid over the 10 percent level, and if the Governor and the Legislature do not reduce the University's budget in mid-year, the University will then credit student accounts for the overpayment.

In adopting the budget for the University, the Legislature approved Supplemental Budget Language in these areas:

Executive compensation Compensation increases for State University and University executives are not to exceed the average compensation increase provided for faculty and staff. It also stated the intent that executive personnel not be eligible for merit salary adjustments and that such increases not be utilized in determining the average compensation.

Student fees General undergraduate and graduate-student systemwide mandatory fee increases should be no more than 10 percent in 1994-95. Moreover, the Regents should adopt a differential fee for students enrolled in professional-degree programs of business, dentistry, law, medicine, and veterinary medicine, provided that the gross revenue from this fee not exceed \$4.7 million. Additionally, this fee is to be applied in a manner that treats all professional students equitably, in that all students in these programs, regardless of level, are charged the same fee. In addition, the University should try to develop programs that ensure that no professional students are denied the opportunity to pursue a public service career because of this fee level. (This differential fee for professional students will be imposed initially as a \$600 increase and will be raised over the next six years until the University's total professional school fee reaches the average of the University's comparison institutions.)

Faculty-student teaching ratio The University should increase its budgeted faculty/student ratio from 17.6 to 18.7 by 1995-96.

Teaching hospital redirection The University should redirect \$18 million of clinical teaching support funds on a one-time basis to fund University instructional programs for 1994-95 and 1995-96.

Degrees conferred and workforce needs The University, like the Community Colleges and the State University, is to report information on degrees conferred by ethnicity, gender, and income to the Commission for use in the Commission's reports on institutional performance required under AB 1808.

Annual report on advancement to tenure The University is to report on the number of faculty, by ethnicity and gender, who have been hired, reviewed for tenure, granted or denied tenure as well as the number of candidates seeking review of tenure decisions. That report is due to the Legislature on February 15, 1995, and annually thereafter until the year 2000.

Intercollegiate athletics The Regents should report by April 1, 1995, to the Legislature on the extent to which alternative sources of revenue have been sought to fund intercollegiate athletics on University of California campuses

"Minority" and women-owned businesses The University's California Policy Seminar is asked to report on the status and progress of "minority" and women-owned businesses in California

Cancer research funds Upon completion of the Cancer Research Center at the San Francisco campus, funds should be made available to enhance its cancer research efforts

University medical residents The University should consider a detailed plan patterned after legislation introduced by Assemblymember Isenberg for increasing the number of residents enrolled in the University's primary-care programs by the year 2001-02

California Maritime Academy

The Budget Act provides \$6.8 million in General Fund support for the California Maritime Academy during 1994-95, which will be a transition year for the Academy. In July 1995, the Academy will become the twenty-second campus of the California State University. For 1994-95, fees at the Academy will increase by 10 percent to \$1,656.

Hastings College of the Law

The Budget provides \$11.8 million in support for the Hastings College of the Law. Student fees at Hastings are equal to fees charged law students on the University of California campuses, therefore, Hastings students will see their fees increase by \$945 -- or almost 20 percent -- due to the imposition of the 10 percent general fee increase and the \$600 differential fee for professional degree students at the University. (Display 3 on page 10 shows the fees for all public systems and institutions.)

California Student Aid Commission

The Budget Act provides almost a 13 percent increase in General Fund support for the State's Cal Grant Program, bringing total General Fund support for the program to \$226.2 million. The budget augments the State's Cal Grant Program to fund the same level of Cal Grant awards in the budget year and to fund financial aid increases needed to offset fee increases for needy students at the State University and the University.

In Supplemental Budget Language, the Legislature stated its intent that the Student Aid Commission conduct the SEARS survey in 1994-95 and by April 1995 transmit a preliminary analysis of the survey data to the Legislature, the Governor, California's public and independent colleges and universities, and the Postsecondary Edu-

DISPLAY 3 *Systemwide Resident Student Fee Charges in 1993-94 and 1994-95 at California's Public Colleges and Universities*

<u>Educational System</u>	<u>1993-94</u>	<u>1994-95</u>	<u>Annual Dollar Increase for a Full-Time Student</u>	<u>Annual Percentage Increase for a Full-Time Student</u>
California Community Colleges ¹				
All Students	\$390 ¹	\$390 ²	0	0 0%
The California State University				
Undergraduate and Graduate Students	1,440	1,584	\$144	10 0%
University of California				
Undergraduate and Graduate Students	3,454	3,799	345	10 0%
Law/Medical Students	3,830	4,775	945 ³	19 7%
California Maritime Academy				
Undergraduate Students	1,506	1,656	150	10 0%
Hastings College of the Law				
Law Students	3,830	4,775	945 ³	19 7%

1 As of January 1, 1993, students with a bachelor's degree were required to pay \$50 per semester unit with no cap per semester

2 Thirteen dollars per semester unit, with no cap on the charges per unit This new fee was effective with the Fall 1993 semester

3 The University of California and Hastings College of the Law students enrolled in designated professional programs are charged \$600 differential beginning in Fall 1994

Note For purposes of this display, a full-time student is one enrolled in 15 units of credit instruction

Source California Postsecondary Education Commission staff analysis of the 1994-95 State Budget Act

cation Commission, with a final analysis to be provided by September 1, 1995 (The Legislature accompanied this language by approving a budget augmentation of \$125,000, which was vetoed by the Governor In his veto message, the Governor stated his belief that the funding should come from the higher education systems)

Council for Private Postsecondary and Vocational Education

The 1994 Budget Act appropriates no General Fund support for the Council, since federal funds and fee revenues from private institutions are supposed to cover the Council's operating budget In 1994-95, its operating budget will be \$3 5 million, but the Budget Act includes \$1 2 million for support of the Student Tuition Recovery Fund and local assistance

California Postsecondary Education Commission

The Commission's General Fund budget for 1994-95 is \$2 4 million, or approximately the same as last year The Governor vetoed the \$1 1 million augmentation provided by the Legislature for the implementation of the proposed student information system, stating that "the benefits of this system have not been demonstrated to justify its cost, and unresolved technical matters make its success problematic "

Commission staff understands the Governor remains open to further discussions on the merits of the system while AB 3696 (Campbell) -- the Commission-sponsored policy legislation -- makes its way through the legislative process

One remaining budget issue for the Commission involves the elimination of the \$119,000 appropriation for administration of Mathematics, Science, and Technology Pipeline Program projects under AB 266 (Archie-Hudson). Commission staff has been informed that this appropriation was mistakenly eliminated and that legislation will be introduced by the fiscal committees to provide it in the 1994-95 fiscal year.

Supplemental language to the Budget Act affecting the Commission includes these items:

Degrees conferred and workforce needs In the Commission's November 1994 report to the Legislature in response to AB 1808, the Commission is to provide an analysis of certificates and undergraduate, graduate and professional degrees conferred by ethnicity, gender, and income, and their appropriateness to the population of high school graduates and to workforce training needs. Additionally, the Commission is to provide information -- to the extent possible -- on the number of community college students who withdraw before completing their vocational training programs.

Comprehensive student information system The Commission is to establish a plan to improve the timeliness and accuracy of information received and maintained on community college students. Specifically, the Commission is to (1) focus its attention on identifying solutions to the problem areas in the quality of information maintained by the Management Information System (MIS) in the Chancellor's Office, (2) report on the status of MIS in fully implementing electronic data exchange between the local community colleges and the Chancellor's Office, and (3) report on the Commission's progress in consulting with the Chancellor's Office by March 1, 1995.

Bilingual Teacher Pipeline Program The existing Science, Mathematics, and Technology Pipeline Program, which identifies, supports, and assists K-12 and postsecondary education students from underrepresented groups to become science, mathematics, and technology teachers, is to be expanded to include a bilingual teacher component, as called for in AB 3556 (Escutia).

Oversight of community college categorical programs The Commission is to review the report of the Chancellor's Office on the educational and fiscal integrity of categorical programs and reforms mandated under the provisions of AB 1725 (Chapter 973, Statutes of 1988), comment on that report to the Joint Legislative Budget Committee and the appropriate fiscal and policy committees of the Legislature by February 1995, and certify to the State Controller that the Chancellor's Office has adequately complied with Provision 1 of Item 6970-002-001 of the Budget Act -- a provision that was vetoed by the Governor in the enacted Budget Act.

Availability of information on financial aid. Finally, the Commission is also to review the report by the Chancellor's Office to the Joint Legislative Budget Committee on the steps that have been taken to improve the availability of information about financial aid to high school and other prospective students and comment on it to the legislative fiscal committees during their consideration of the 1995-96 budget

Capital outlay The Budget Act includes almost \$504.5 million for capital outlay for California's public colleges and universities. Of this amount, however, \$470 million is contingent on legislative passage of AB 163 (Areias) and public passage of that initiative on the November ballot. Without passage of that measure, the vast majority of planned facility projects to be completed in 1994-95 will be delayed.

Summary Adequate funding during 1994-95 to operate public postsecondary education in California and provide for its capital construction remains chancy -- despite passage of the 1994-95 Budget Act -- for two reasons.

First, the spending plan for California under the Act is predicated on two major assumptions: (1) The federal government will increase funding for the cost of providing services to immigrants residing in California, and (2) the State's economy will improve in 1994-95. Not until November, when Congress completes its deliberations on the federal budget, will California's Governor and lawmakers know the status of federal funding for immigration and have information on the State's economic performance during the first quarter of the 1994-95 fiscal year. If either or both of the Budget's two assumptions are incorrect, major reductions will then be required in General Fund programs not protected by the State's constitution or federal law. Since that scenario appears likely, California higher education faces the possibility of significant reductions in State General Fund support during the second half of 1994-95.

Second, the failure of Proposition 1-C this past June has stalled the construction, renovation, and repair of college and university facilities in the State. Without the passage of its replacement on the November ballot, California's postsecondary institutions will have only \$74.5 million in general obligation funds available to maintain and upgrade their existing facilities. While the Northridge earthquake has heightened sensitivity to the needs of strengthening college and university facilities, it is uncertain whether a higher proportion of the State's voters will support capital outlay for postsecondary education in November than did so in June when Proposition 1-C was defeated.

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July 13, 1994

Senate Bill 2120 (Chapter 139, Statutes of 1994) and accompanying trailer measures

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature

Members of the Commission

The Commission consists of 17 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. Six others represent the major segments of postsecondary education in California. Two student members are appointed by the Governor.

As of December 1994, the Commissioners representing the general public are

Henry Der, San Francisco, *Chair*
C. Thomas Dean, Long Beach, *Vice Chair*
Elaine Alquist, Santa Clara
Mim Andelson, Los Angeles
Jeffrey I. Marston, San Diego
Guillermo Rodriguez, Jr., San Francisco
Melinda G. Wilson, Torrance
Linda J. Wong, Los Angeles
Ellen F. Wright, Saratoga

Representatives of the segments are

Roy T. Brophy, Fair Oaks, appointed by the Regents of the University of California,
Yvonne W. Larsen, San Diego, appointed by the California State Board of Education,
Alice Petrossian, Glendale, appointed by the Board of Governors of the California Community Colleges,

Ted J. Saenger, San Francisco, appointed by the Trustees of the California State University, and

Kyhl Smeby, Pasadena, appointed by the Governor to represent California's independent colleges and universities, and

vacant, representing the Council for Private Postsecondary and Vocational Education

The two student representatives are
Stephen Leshner, Meadow Vista
Beverly A. Sandeen, Costa Mesa

Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory body to the Legislature and Governor, the Commission does not govern or administer any institutions, nor does it approve, authorize, or accredit any of them. Instead, it performs its specific duties of planning, evaluation, and coordination by cooperating with other State agencies and non-governmental groups that perform those other governing, administrative, and assessment functions.

Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Warren Halsey Fox, Ph.D., who is appointed by the Commission.

Further information about the Commission and its publications may be obtained from the Commission offices at 1303 J Street, Suite 500, Sacramento, California 95814-2938, telephone (916) 445-7933.

APPROPRIATIONS IN THE 1994-95 STATE BUDGET FOR POSTSECONDARY EDUCATION

Commission Report 94-12



ONE of a series of reports published by the California Postsecondary Education Commission as part of its planning and coordinating responsibilities. Single copies may be obtained without charge from the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938. Recent reports include

- 94-1 *Legislative and State Budget Priorities of the Commission, 1994* A Report of the California Postsecondary Education Commission (January 1994)
- 94-2 *Good Works: The Impact of the Human Corps on California's Public Universities* An Evaluation for the Legislature of the Effects of Assembly Bill 1820 (Chapter 1245, Statutes of 1987) (April 1994)
- 94-3 *A Western Compact: A Report on California's Continued Membership in the Western Interstate Commission for Higher Education (WICHE)* (April 1994)
- 94-4 *Faculty Salaries in California's Public Universities, 1993-94* A Report to the Legislature and the Governor in Response to Senate Concurrent Resolution No. 51 (1965) (April 1994)
- 94-5 *Progress on Regional Academic Planning* A Staff Report to the Commission in Response to the First in a Series of Joint Reports on Regional Academic Planning by California's Public Systems of Higher Education (April 1994)
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- 94-10 *California's Associate Degree Programs for Preparing Licensed Teacher Assistants* A Report to the Legislature in Response to Senate Bill 156 (Chapter 1345, Statutes of 1989) (June 1994)
- 94-11 *The Role of the Commission in Achieving Educational Equity* A Declaration of Policy [Original version published in December 1988 as Commission Report 88-42] (June 1994)
- 94-12 *Appropriations in the 1994-95 State Budget for Postsecondary Education* A Staff Report to the California Postsecondary Education Commission (August 1994)
- 94-13 *Faculty Salaries in California's Community Colleges, 1993-94* A Report to the Legislature and Governor in Response to Supplemental Language for the 1979 Budget Act (August 1994)
- 94-14 *Executive Compensation in California Public Higher Education, 1993-94* The Second in a Series of Annual Reports to the Governor and Legislature in Response to the 1992 Budget Act (August 1994)